



THE UNDER SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

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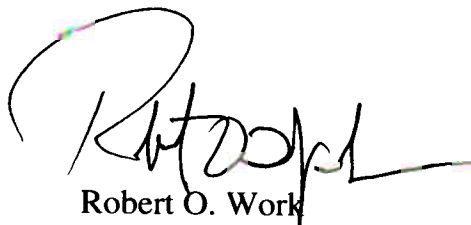
MEMORANDUM FOR VICE CHIEF OF NAVAL OPERATIONS
ASSISTANT COMMANDANT OF THE MARINE CORPS
ASSISTANT SECRETARIES OF THE NAVY
GENERAL COUNSEL OF THE NAVY
DEPUTY UNDER SECRETARIES OF THE NAVY
DIRECTOR, OFFICE OF PROGRAM APPRAISAL

SUBJECT: Department of the Navy (DON) POM12 Critical Issues

Thank you for your comments on the subset of critical issues. The Office of Program Appraisal consolidated your inputs into the list of critical POM12 and strategic issues in attachment (1). The tasks within this attachment are provided to offer a starting point for teams to develop deliverables and should not limit the effort. This list of critical issues, the strategic realities and baseline readiness assumptions issues, and Guidance for Development of the Force (GDF) impact on POM12 will be presented to the DON Small Group (SG) to kickoff the issues development effort. Guidance received from the SG will be passed to all. Anticipating SG approval of the proposed issues, Large Group (LG) lead and support assignments as well as suspense dates for each critical issue team to brief the DON LG and SG are included in attachment (1).

Please provide your team leads and members contact information to OPA who will facilitate distribution to all. OPA will monitor all issue groups to check progress and adjust LG/SG schedules as required. Updated DON POM12 notional timeline is also included in attachment (2).

Further study of the finalized subset of issues, including identification of funding requirements and impacted years, will require your collaboration and teamwork in this compressed timeline. Please contact the LG executive secretary, OPA, Captain Jeff Morman at (703) 693-4808 for further assistance.



Robert O. Work

Attachments:
As stated

cc:
DNS
DMCS
N8
DC P&R
DON CIO
CLA
USMC LA
AAUSN
CHINFO

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The following tasks are provided to offer a starting point for teams to develop deliverables for POM-12 critical topics.

POM12 Issue Team Assignments

1. Fiscal Overview:

Task: ASN FM&C, with support from Navy and USMC, develop a fiscal challenges brief to inform the Large Group/Small Group of the bills the DON is facing in POM12. Purpose is to facilitate discussion on balancing strategy and decisions on which bills are highest priority for the Department.

Deliverable: Brief to the Small Group on 9 Apr 10.

Small Group Outcome Expected: Leadership guidance on priorities for balancing.

2. Baseline Readiness Assumptions:

Task: ASN FM&C in coordination with Navy, USMC, ASN RD&A, and OPA identify fiscally defensible options for POM12 readiness assumptions to include application to FRP, modernization, and maintenance/sustainment rates for ships and aircraft. Identify a funding strategy that addresses the allocation of resources and requirements between baseline TOA and OCO with adherence to OMB/OSD OCO guidance. One option should comply with RMD 700 direction to sustain in the baseline at least 51/24 steaming days, 80 percent peacetime depot maintenance requirements, and T-2.5/2.0 Aircraft Depot Maintenance. Any increases which cause these requirements to exceed the topline funding added by the RMD need to be detailed and explained with options for mitigating the increases. This option should also include the USMC plan for Home Station Readiness funds added in PB11.

Deliverable: Brief to the Small Group on 9 Apr 10.

Small Group Outcome Expected: Defendable baseline readiness assumptions and funding plan with agreed upon strategies for OCO and USMC Home Station Readiness funds.

3. Energy:

Task: ASN EI&E in coordination with Navy, USMC, and OPA develop a prioritized list of energy mandates and SECNAV goals with recommended funding options and impacts. Funding options should be divided into USN Tactical, USN Shore/Installation, USMC Tactical and USMC Shore/Installation and should detail expected Return on Investment and any impacts to programs based on the level of funding.

Deliverable: Brief to the Large Group the week of 26 Apr 10.

Small Group Outcome Expected: Approval of DON Energy investment plan and understanding of impacts.

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The following tasks are provided to offer a starting point for teams to develop deliverables for POM-12 critical topics.

4. Shipbuilding:

Task: ASN RD&A in coordination with Navy, USMC and OPA define the first principles of the shipbuilding plan. Should LHA-8 have a well deck and, if so, what are the funding options for when? Is LSD(X) the right follow-on for LPD's and, if so, what is the required R&D profile and options for funding? Should there be a multi-year procurement contract for DDG-51 and, if so, when and for how many ships? What are the LCS funding shortfalls and strategies for funding? Do we need a cost cap for SSBN(X)? Should we seek topline relief for SSBN(X)? Is EMALS on track? Is procurement of carriers on 5-year centers expected to increase unit costs of subs, and if so, what are the shortfalls and options for funding? What is the Virginia Class AP shortfall and strategies for funding? What are plans and funding options for recapping strategic lift ships including MPS and hospital ships? What are the plans for MLP? Should strategic lift be counted in the battleforce and included in the 30-year plan? If so, how would any leased ships be counted? Are we properly funding service lives to achieve projected inventories? Should the DON establish maintenance standards and modernization "redlines" for each class of ships? Does the decommissioning plan make sense and does it comply with any Congressional language?

Deliverable: Brief to the Large Group the week of 26 Apr 10.

Small Group Outcome Expected: Coordinated DON positions on LHA-8 well deck, LSD(X) R&D, LCS funding and acquisition, MYP for DDG-51, SSBN(X) strategy, and VA Class AP. Discussion on Strategic Lift recapitalization and counting including whether the SECNAV instruction should be changed. Further definition of MLP. Conscious decisions regarding service life assumptions and decommissionings. Visibility into and leadership guidance as to whether PB11 procurement quantities and the stability of the shipbuilding plan can be preserved to achieve the projected inventories and avoid shipbuilding as a bill-payer for the Department.

5. Littoral Maneuver:

Task: USMC with support from Navy, ASN RD&A, and OPA develop, at a minimum, options for ground equipment modernization needed to seize and hold a lodgment for joint forces, including an option that only uses PB11 resources (with inflated values for FY16/17). This option should include prior year quantities and dollars, separated by what was baseline versus Supplemental funding, each FYDP year quantities and dollars, and then detail post-FYDP implications with estimated quantities/\$ to complete. Other options could include full funding (with detailed explanation of the basis of the requirement), partially funding the requirement, or sustaining historic expenditures, with an assessment of how well each option supports DOD, DON, USN & USMC guidance.

Deliverable: Brief to the Large Group the week of 3 May 10.

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The following tasks are provided to offer a starting point for teams to develop deliverables for POM-12 critical topics.

Small Group Outcome Expected: Visibility into USMC modernization requirements with a discussion on the optimal mix of ground vehicles including EFV. Decision on whether any funding shift between Services is warranted.

6. DON Human Capital:

Task: ASN M&RA in coordination with Navy, USMC, ASN FM&C, ASN RD&A, and OPA develop alternative manpower strategies and decision options for the Large Group/Small Group that will reduce the overall cost of our Total Workforce while retaining critical warfighting capabilities. These strategies and options should include the current Service's POM12 plans for realizing RMD 802 in-sourcing savings, reverting to FY 2000 contractor support levels, and meeting acquisition goals, as well as any plans for further efficiencies or consolidations.

Deliverable: Brief to the Large Group the week of 3 May 10.

Small Group Outcome Expected: Visibility into the status of current plans for revitalizing the acquisition workforce and meeting OSD in-sourcing goals. Discussion of further initiatives that can be taken to address increasing Manpower costs.

7. Aviation:

Task: ASN RD&A in coordination with Navy, USMC and OPA develop, at a minimum, options for strike fighter management including JSF mix and options for mitigating the strike fighter shortfall. Options should include associated costs and any resulting POM12 actions required in addition to whether each option aligns with DOD, DON, USN and USMC guidance.

Deliverable: Brief to the Large Group the week of 10 May 10.

Small Group Outcome Expected: Visibility into options for strike fighter management. Decision on whether to make JSF mix decisions now or defer to POM14.

8. Unmanned Systems:

Task: Navy in coordination with USMC, ASN RD&A, DUSN-P, and OPA must develop and present an unmanned systems roadmap to include possible options and highlighting supporting issues requiring action in POM12. Product must also include, at a minimum, defining the requirements and path from concept to demo pertinent to UCAS.

Deliverable: Brief to the Large Group the week of 10 May 10.

Small Group Outcome Expected: Consolidated DON plan for unmanned systems and position on way-ahead for executing \$2B wedge that was added by OSD in PB11.

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The following tasks are provided to offer a starting point for teams to develop deliverables for POM-12 critical topics.

9. ISR:

Task: DUSN-P in coordination with Navy, USMC, and ASN RD&A will accept, review, discuss, and finalize the DON ISR analytical framework provided by the SRB for determining POM12 investments.

Deliverable: Brief to the Large Group the week of 10 May 10.

Small Group Outcome Expected: Coordinated alternative DON plans for meeting the goals and direction contained in the GDF, the 'OSD ISR Roadmap,' and the consolidated Intelligence Guidance (CIG). Identified risk areas for compliance and provide justification for non-compliance. Identified priorities contained within the DON ISR plan not referenced in the GDF, the Roadmap, or the CIG.

Strategic Team Assignments

The following strategic issues need further development. Teams should meet to refine issues and develop POA&Ms for future Large Group/Small Group scheduling.

1. BMD
Navy, lead
DUSN-P and ASN RD&A, OPA support
2. DPRI/Guam
ASN EI&E, lead
Navy, USMC support
3. Air Sea Battle
Navy, lead
DUSN-P and USMC, OPA support
4. Naval Networking
DON CIO, lead
Navy, USMC, DUSN BOaT, OPA support

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**Updated DON POM12 Notional Timeline
(Updated Mar 2010)**

Programming Phase (Services lead, ASN FM&C and OPA Support):

- 19 Mar 10: LG Feedback on POM12 Issues (Complete)
- Apr-May: Issue Teams meet/develop options
- ★ 9 Apr 10: SG #1: Strategic Realities, Baseline Readiness Assumptions
- ★ Week of 26 Apr: Issue Team LG#1: Energy, Shipbuilding
- ★ Week of 3 May: Issue Team LG#2: Littoral Maneuver, DON Human Capital
- 7 May: Service Program Proposals in PBIS database
- 11 May: FMB issues controls to BSOs (based on SPPs)
- ★ Week of 10 May: Issue Team LG#3: Aviation, Unmanned Systems, ISR
- ★ TBD Small Group Presentations
- ★ End May: Navy POM12 Preview to LG
- ★ End May: USMC POM12 Preview to LG
- 15 Jun: Submission of Budget Justification Materials by BSOs
- 16 Jun: Service turnover to FMB
- ★ Mid Jun: Navy POM12 Brief to SG
- ★ Mid Jun: USMC POM12 Brief to SG

Program Budget Review Phase (ASN FM&C lead, BSOs, Services, and OPA support):

- 11 May–16 Jul: FMB/BSO Issue Paper Identification
- 21 Jun–9 Jul: FMB Division Reviews and Issue Resolution
- 6–16 Jul: FMB Program Budget Coordinating Groups (PBCGs)
- ★ 15 Jul: Leadership Update
- ★ 22 Jul: Leadership Update
- ★ 29 Jul: Final Leadership Update, SECNAV Decisions
- 30 Jul (TBD): Turnover to OSD

★ = Requires Scheduling